Beef Cattle Outlook

Dr. Curt Lacy
Extension Economist-Livestock
Current Situation
MED. & LRG. #1 & 2 STEER CALF PRICES
500-600 Pounds, Georgia, Weekly

Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center
MED. & LRG. #1 & 2 FEEDER STEER PRICES
700-800 Pounds, Georgia, Weekly

$ Per Cwt.

Data Source: USDA-AMS, Compiled by LMIC
Livestock Marketing Information Center

08/12/13

08/12/13
SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly
Factors Impacting Cattle Markets and Profitability

- Economy (consumer demand).
- Crop prices
  - Feeder cattle demand
  - Sector profitability
- Big picture items
Beef and Feeder Cattle Demand

**Beef Demand**
- Consumers’ income
- Prices of competing meats
- Exports

**Feeder Cattle Demand**
- Fed cattle profits
  - Price of fed cattle
  - Price of corn
  - Available capital
- Stocker cattle profits
  - Price of feeder cattle
  - Cost of grazing & feed
U.S. RED MEAT & POULTRY CONSUMPTION

Per Capita, Retail Weight, Annual

Pounds

BEEF DEMAND


Beef
Pork
Total
Chicken
Turkey
PER CAPITA DISPOSABLE PERSONAL INCOME
Quarterly

Data Source: Bureau of Economic Analysis

Livestock Marketing Information Center
QTRLY GROSS DOMESTIC PRODUCT (GDP)

Real Dollar (2009) Change from Previous Quarter

Percent Change


12/06/13
SOUTHERN PLAINS CALF PRICES vs TEXAS CORN PRICES
Weekly

$ Per Cwt.

$ Per Bu.

Livestock Marketing Information Center
Data Source: USDA-AMS, Compiled & Analysis by LMIC

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02/05/14
U.S. Corn Supply and Demand

Ending Stocks, Production, Domestic Use and Exports, Stocks:Use

Data Source: USDA, WASDE. Chart prepared by Dr. Nathan Smith, UGA
BOXED BEEF CUTOUT VALUE
Choice 600-900 Lbs. Carcass, Weekly

$ Per Cwt.

Livestock Marketing Information Center
Data Source: USDA-AMS
CHOICE MINUS SELECT BEEF PRICES
Carcass Cutout Value 600-900 Lbs., Weekly

$ Per Cwt.

JAN APR JUL OCT
25
20
15
10
5
0

Avg. 2008-12
2013
2014

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Data Source: USDA-AMS, Compiled & Analysis by LMIC
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C-P-68 02/24/14
PRIMAL LOIN VALUE
Monthly

$/Cwt


Prime  Branded  Choice  Select  Ungraded

Data Source: USDA-AMS, Compiled & Analysis by LMIC
PRIMAL CHUCK VALUE
Monthly

$/Cwt


Prime
Branded
Choice
Select
Ungraded

Livestock Marketing Information Center
Data Source: USDA-AMS, Compiled & Analysis by LMIC

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US Beef Export Values

Source: US DA and USMEF
MAJOR U.S. BEEF EXPORT MARKETS
Carcass Weight, Annual

Livestock Marketing Information Center

Data Source: USDA-ERS & USDA-FAS, Compiled & Analysis by LMIC

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I-N-18
02/07/14
CATTLE AND BEEF SUPPLIES
BEEF COWS THAT CALVED
JANUARY 1, 2014
(1000 Head)

Livestock Marketing Information Center
Data Source: USDA-NASS

02/03/14
CHANGE IN BEEF COWS NUMBERS
JANUARY 1, 2013 TO JANUARY 2014
(1000 Head)

Livestock Marketing Information Center
Data Source: USDA-NASS

02/03/14
CHANGE IN BEEF COWS NUMBERS
JANUARY 1, 2005 TO JANUARY 2014
(1000 Head)

Livestock Marketing Information Center
Data Source: USDA-NASS
Beef cows down 0.9% @ 29.04 mil
Beef replacement heifers up 1.7% @ 5.42 mil
Total beef cow factory down 0.5%
Meat supplies were virtually unchanged for two years in a row

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2012 BILLION POUNDS</th>
<th>2013 Projected BILLION POUNDS</th>
<th>2014 Forecast BILLION POUNDS</th>
<th>13 vs 12 PERCENT CHANGE</th>
<th>14 vs 13 PERCENT CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>26.00</td>
<td>25.72</td>
<td>24.32</td>
<td>-1.09%</td>
<td>-5.76%</td>
</tr>
<tr>
<td>Pork</td>
<td>23.27</td>
<td>23.20</td>
<td>23.58</td>
<td>-0.30%</td>
<td>1.61%</td>
</tr>
<tr>
<td>Total Red Meat*</td>
<td>49.55</td>
<td>49.18</td>
<td>48.16</td>
<td>-0.75%</td>
<td>-2.12%</td>
</tr>
<tr>
<td>Broilers</td>
<td>36.64</td>
<td>37.75</td>
<td>38.90</td>
<td>2.94%</td>
<td>2.96%</td>
</tr>
<tr>
<td>Total Poultry**</td>
<td>43.05</td>
<td>44.08</td>
<td>45.33</td>
<td>2.34%</td>
<td>2.76%</td>
</tr>
<tr>
<td>Total Red Meat &amp; Poultry</td>
<td>92.60</td>
<td>93.26</td>
<td>93.49</td>
<td>0.71%</td>
<td>0.25%</td>
</tr>
</tbody>
</table>

Source: USDA-WASDE, January 2014 Report
Past and Projected Prices

Source: USDA, LMIC and UGA
Projected Beef Cattle Profits in 2014

- Cow-calf
- Stockers
- Finishing

Graphics source: CattleFax: Long-term Outlook.
www.cattlefax.com
U.S. Monthly Drought Outlook
Drought Tendency During the Valid Period
Valid for February 28, 2014
Released January 31, 2014

KEY:
- Drought persists or intensifies
- Drought remains but improves
- Drought removal likely
- Drought development likely

Author: Brad Pugh, Climate Prediction Center, NOAA

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events -- such as individual storms -- cannot be accurately forecast more than a few days in advance. Use caution for applications -- such as crops -- that can be affected by such events. "Ongoing" drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor.

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).
Big Picture Items

- Antibiotics
- GMOs
- Humane treatment of animals
Beef Cattle Summary

- For 2014 expect lower production
- Higher prices
- Higher profits
- More heifer retention
Beef Cattle Outlook

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